

GRAPHISOFT PARK SE

Interim Management Report – First Half 2023

August 9, 2023



GRAPHISOFT PARK





Executive Summary

The **2023 H1 pro forma net result of 3.68 million euros** is significantly, by 900 thousand euros, or 32% higher, than the same period of the previous year, and is also more favorable than the previously published forecast for 2023. The result, which is significantly higher than the previous ones, is due to the higher-than-expected indexation of rents following the consumer price index of the European Union, as well as the still high **occupancy rate of 97%**, which exceeds the Budapest average. In addition, the interest income realized on free funds in the current interest rate environment and the exchange rate difference accounted due to current period strengthening of the forint, also have a significant effect on profit.

Contrary to our earlier cautious expectations, even in the uncertain economic environment, there were no significant requests from the tenants to reduce the area in the current year, and the area reduction of some tenants was largely compensated by the growth of other tenants. The research and development work involving a high degree of creativity and intensive cooperation do not exist without personal presence, at least partially, so the rented areas did not significantly decrease. In the case of companies renting in Graphisoft Park, employing mostly technology- and knowledge-based, highly qualified employees, personnel costs still make up the most significant part of the total costs. Thus, the rental fees and the increased utility costs because of the energy crisis represent only a small proportion of the total cost structure for most tenants. In the first half of 2023, world energy market prices calmed down after the drastic jump that occurred last fall, and in cooperation with the tenants, focusing on efficient building management and conscious energy consumption, significant savings were achieved in both gas and electricity consumption compared to the same period of the previous year. The Company is currently evaluating the 2022 carbon footprint calculation and developing the ESG strategy with the involvement of experts. The main pillars of the strategy will be the determination of renovation and modernization programs to help achieve the decarbonization goals, as well as the further encouragement, continuous maintenance, and support of conscious energy consumption.

Based on the considerably better-than-expected first half results and expectations for the rest of the year, **the Company amends its previous forecast for the year 2023**: we expect rental revenue to be 400 thousand euros higher than previously published, and pro forma net profit to be approximately 500 thousand euros higher. The expected **rental revenue of 16.7 million euros** calculated in this way represents a **7.5% increase**, and the **pro-forma net result of 6.8 million euros** represents an **increase of nearly 13%** compared to the previous year.

Property portfolio and fair value of net assets

At the end of 2023 H1, the independent valuer estimated the **fair value of the real estate portfolio at 230.1 million euros**, which represents a relatively small **decrease of 760 thousand euros** compared to the end of 2022. In more detail, the fair value of the completed and delivered properties decreased by **620 thousand euros** compared to the end of the previous year, while the fair value of development lands decreased by **140 thousand euros**. Volatility of energy prices, high inflation, and general market uncertainty – especially with regard to the development of oversupply in the office market – are the risk factors that caused the yield to increase further during the last two quarters, at the same time, thanks to the stable tenant base in the office park and the high utilization of the buildings, this together caused a marginal decrease in the value of properties. In the first half year, the slight (1%) decrease in the value of the development lands was primarily caused by the further increase in the expected cost requirements of future developments, the well-known cause of which is the drastic increase in raw material prices and labor fees. In addition, the expected completion time of the constructions and the narrowing investment opportunities due to the emerging oversupply also affect the fair value, which is also influenced by the prolonged and currently completely uncertain duration of the remediation affecting the northern development area.



Due to the upward trend in interest rates in the eurozone, and interest rates are not expected to decrease soon, the **fair value¹ of the interest rate swap hedging transactions** concluded by the Company to fix the interest rates of its euro-based loans **is still favorable**, which increase is reflected in equity (net asset value). In the meantime, the Company's outstanding **loan portfolio** went below **90 million euros** due to the continuous repayments. **By the end of the first half of 2023**, the Company's **cash balance is nearly 12 million euro**, which will ensure the long-term safe operation of the company, the financing of individual tenant designs, building upgrades and renovations, and forms a reserve for the possible negative effects of the changing economic environment.

As a result of all this, despite the **slight decrease in the fair value of the real estate portfolio**, the **net asset fair value** of the Company **exceeded the previous yearend's value by 360 thousand euros and reached 158 million euros**.

	[thousands of EUR]		
	Dec 31, 2022	March 31, 2023	June 30, 2023
Completed, delivered properties	215,105	214,838	214,485
Development lands	15,760	15,620	15,620
Estimated fair value of the entire property portfolio	230,865	230,458	230,105
Net asset value at estimated fair value	157,577	160,079	157,938
Net asset value at fair value per share (EUR)	15.63	15.88	15.66

Pro forma results

Our "pro forma" financial results for the first half of 2023 were favorable: due to the high utilization and the applied euro-based indexation, **revenues exceeded the same period of the previous year by 700 thousand euros, about 9%**. Most of the other income reflects the current period result of the construction and renovation works of the rental property requested and financed by the tenants. This result was reduced by the costs related to the decarbonization strategy of the leased areas, which were financed by the Company. Operating costs developed as planned, which, in addition to a small increase in personnel costs, mainly reflects the inflationary increase in the fees for some services used. Depreciation charge - due to the depletion of some older assets - decreased slightly compared to the same period of the previous year. The significant increase in the financial result is the combined result of several effects: on the one hand, the interest payable on the capital outstanding decreased because of the loan repayments, and the interest income realized on free funds was more favorable than expected. Furthermore, in the first half of this year, the strengthening of the forint also had a positive effect on the exchange rate difference realized on our forint-denominated assets. As a result of the above, in the first half of 2023, the EBITDA exceeded the same period of the previous year by 220 thousand euros, that is around 3%, and the **profit after tax exceeded 900 thousand euros, or 33%**.

¹ The fair value of hedges is intended, among other things, to estimate how much more expensive (in the case of a negative fair value, cheaper) a similar loan could be obtained today. In addition to the current market interest rate environment, the fair value is influenced by several external factors (HUF/EUR exchange rate, monetary policy measures or future interest rate expectations). The development of these factors may result in a significant and in some cases unpredictable changes in the direction and degree of change in the fair value.



(million euros)	2022 H1 actual	2023 H1 actual
Rental revenue	7.71	8.41
Other income (expense) (net)	0.39	(0.03)
Operating expense	(0.87)	(0.93)
EBITDA	7.23	7.45
Depreciation	(3.47)	(3.43)
Operating profit	3.76	4.02
Net financial result	(0.97)	(0.33)
Profit before tax	2.79	3.69
Income tax expense	(0.01)	(0.01)
Net profit	2.78	3.68

Forecast

Considering the better-than-planned first half results, the expected stable utilization level for the rest of the year, and the market conditions (interest rate environment) that also affect the financial result, **the Company modifies its forecast for the year 2023: we expect rental revenue of 16.7 million euros, that is 400 thousand euros higher than previously forecasted and we expect a pro forma result of 6.8 million euros, which is 500 thousand euros higher than our forecast and which may represent a 7.5% increase in revenue and a 13% pro forma result compared to the previous year.**

In terms of rental fees, in addition to the high utilization rate and the increasing effect of the applied indexing, it is favorable that there were no significant area reduction needs for the current year, despite the economic situation and uncertainty. The total operating costs include the inflationary increase in the price of individual services, the increase in personnel costs, as well as the costs of other tasks arising in accordance with our ESG strategy to be published during the year (including measurements, data collection, and analysis necessary to optimize building operations). Most of the other income reflects the result of the design and renovation of the rental property ordered by the tenants, the feasibility of which depends on the volume and timing of the tenant's needs. However, this year it will be reduced by the contributions undertaken by the Company, which support the reduction of energy consumption in the leased areas and therefore the achievement of decarbonization goals. Accordingly, the total of other revenues may reach 200 thousand euros, which will be about 300 thousand euros lower than our previous forecast. As previously published, the depreciation is expected to decrease by 100 thousand euros compared to the previous year due to the depletion of some older assets. As a result of continuous loan repayments, the interest to be paid on the outstanding debt is reduced, and the interest income realized on free funds is also favorable, although a decrease in the interest income is expected in the second half of the year. At the same time, in our forecast we also calculate a reserve for exchange rate differences that cannot be predicted due to the hectic exchange rate movement of the forint. Taking all of this into account, we calculate a net financial cost of 1.4 million euros, which is significantly more favorable than previously published, by about 400 thousand euros.



(million euros)	2021 actual	2022 actual	2023 plan
Rental revenue	14.66	15.54	16.7
Other income (net)	0.56	0.64	0.2
Operating expense	(1.27)	(1.42)	(1.8)
EBITDA	13.95	14.76	15.1
Depreciation	(7.17)	(7.01)	(6.9)
Operating profit	6.78	7.75	8.2
Net financial result	(1.92)	(1.71)	(1.4)
Profit before tax	4.86	6.04	6.8
Income tax expense	(0.02)	(0.02)	(0.0)
Net profit	4.84	6.02	6.8

The Company's strategy articulated some 25 years ago also works in the light of the "home office" practice that has become common in recent years. Research and development activities that require a high degree of creativity and intensive cooperation cannot exist without at least partial personal presence. The target market defined by the Company at the beginning, which are **domestic and international enterprises dealing with technological development**, proved to be a good choice even during uncertain economic prospects, since the key to success in this field is **attracting talent**. This is greatly enhanced by the high-quality and environmentally conscious architecture, a uniquely quiet park rich in ancient trees, on the truly green bank of the Danube, surrounded by the monuments of the former Óbuda Gas Works and preserved in a modern way.

Further Development potential

In addition to the 82,000 m² completed and delivered leasable area on the 18 hectares currently owned by the Company, there is **potential for further expansion** in the entire area of the former Gas Works. On the one hand, an additional 66,000 m² of leasable area can be built in the development areas owned by Graphisoft Park – partly immediately and partly after the required remediation (see details in the “Main risk factors - rehabilitation of the northern development area” section). Furthermore, an additional 120,000 m² of leasable area can be developed in an area (also affected by remediation) located directly next to the northern development area, which is owned by the Municipality of Budapest, and for the greater part of which the Company has the right of pre-emption in the event of a possible sale. In summary, the **entire area of the former Óbuda Gas Works could be developed into a high-tech park** with almost **270,000 m² of leasable space**, which is unique in Central Europe and based on technology companies and education.

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer



Financial highlights

IFRS, consolidated, thousand EUR

Results:

	Results	
	June 30, 2022	June 30, 2023
	6 months ended	
Rental revenue	7,709	8,414
Operating expense	(867)	(934)
Other income (net)	389	(30)
EBITDA	7,231	7,450
Depreciation and amortization	(3,467)	(3,432)
Operating profit	3,764	4,018
Net interest expense	(799)	(392)
Other financial result	(176)	67
Profit before tax	2,789	3,693
Income tax expense	(9)	(8)
Pro forma profit after tax (1)	2,780	3,685
Pro forma profit after tax per share (EUR) (2)	0.28	0.37
Valuation difference of investment properties	(751)	(1,195)
Unrecognized depreciation	3,348	3,321
Profit after tax according to financial statements	5,377	5,811
Profit after tax per share according to financial statements (EUR) (2)	0.53	0.58

(1) "Pro forma" results show profit and loss according to the cost model.

(2) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).



IFRS, consolidated, thousand EUR

Asset value:

	December 31, 2022	June 30, 2023
Fair value of properties	215,105	214,485
- from this book value (1)	213,612	212,911
Fair value of development lands	15,760	15,620
- from this book value (1)	8,354	8,354
Entire property portfolio at estimated fair value	230,865	230,105
Net asset value at estimated fair value (2)	157,577	157,938
Net asset value at cost (1)	149,619	150,000
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2) (3)	15.63	15.66
Net asset value at book value per share (euro) (1) (3)	14.84	14.88

(1) Investment properties and investment properties under construction are fair valued in the financial statements, while development lands and owner-occupied property are stated at cost. Development lands are presented under "Investment properties" and owner-occupied properties under "(Owner-occupied) Property, plant and equipment" in the balance sheet. As a result, instead of accounting depreciation, current period change in fair value is presented in the profit or loss.

(2) Estimated net asset fair value contains both development lands and owner-occupied properties on fair value instead of cost.

(3) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).

Net asset value at book value and net asset value at fair value (equity) are disclosed in Note 23 to the financial statements.



Detailed Analysis

In this business report, Graphisoft Park presents the progress made toward its goals in the following areas:

- 2023 H1 results (“pro forma” results and results according to the financial statements),
- Utilization, occupancy,
- Development and modernization plans,
- Financing,
- Forecast for 2023.

“Pro forma” results of 2023 H1

“Pro forma” results of the first half of 2023 changed compared to the same period of 2022 because of the following main factors:

- **Rental revenue** (2023: 8,414 thousand euros; 2022: 7,709 thousand euros) grew by 705 thousand euros, or 9% compared to the same period of last year, due to the stable utilization of the office park and the increasing euro-based indexation of tenant contracts.
- **Operating expense** (2023: 934 thousand euros; 2022: 867 thousand euros) increased by 8% compared to the same period of last year, which was primarily caused by an inflation-following increase in certain property-related costs and other operating costs.
- **Other income (expense)** (2023: 30 thousand euros expense; 2022: 389 thousand euros income) net amount was 419 thousand euros lower than the base of last year. This is largely the result of periodical developments and refurbishments of the rental property based on the request and expense of the tenants, which was also increased by extraordinary items in the previous year. At the same time, in 2023, this result was reduced by the costs of the Company's contribution to the reduction of the energy consumption of the leased areas and the decarbonization strategy of the operation.
- **Depreciation** charge (2023: 3,432 thousand euros; 2022: 3,467 thousand euros) is slightly, around 1% lower than in the previous period, mainly due to the depletion of some older assets.
- **EBITDA** (2023: 7,450 thousand euros; 2022: 7,231 thousand euros) grew by 219 thousand euros, which is 3%, while **operating profit** (2023: 4,018 thousand euros; 2022: 3,764 thousand euros) increased by 254 thousand euros, or 7% compared to the previous year.
- **Net interest expense** (2023: 392 thousand euros; 2022: 799 thousand euros) decreased significantly by 407 thousand euros compared to prior year partly because of the declining principal amounts due to loan repayments, and partly as a result of the interest income on forint assets in current year.
- **Other financial result** (2023: 67 thousand euros gain; 2022: 176 thousand euros loss) is primarily influenced by the exchange rate difference of our forint-denominated assets, which in 2023 H1 is more favorable compared to the previous year due to the significant strengthening of the forint.
- The balance of **income tax expense** (2023: 8 thousand euros; 2022: 9 thousand euros) is minimal as the Group – except for Graphisoft Park Engineering & Management Kft. – has “SzáIT” status and as such is not subject to corporate income tax and local business tax.
- Overall, **net profit** (2023: 3,685 thousand euros; 2022: 2,780 thousand euros) is significantly, 905 thousand euros, or 33% higher compared to the same period of last year.



2023 H1 results according to the financial statements

In the first half of 2023, results according to the financial statements are 2,126 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense of investment properties increased the results by 3,321 thousand euros, while fair value losses decreased the results by 1,195 thousand euros. As previously the economic situation due to covid, the current energy crisis, high inflation and shrinking demand for office space will affect the entire office market in the coming periods. Even considering these effects, according to the independent valuer's calculations, they resulted in only a moderate decrease in the fair value of the completed and leased properties in the case of Graphisoft Park, given the still high and stable occupancy rate.

In 2022 H1, results according to the financial statements were 2,597 thousand euros higher than the “pro forma” results: unrecognized depreciation expense of investment properties increased the results by 3,348 thousand euros, while fair value losses decreased the results by 751 thousand euros.

Details of changes in fair values are disclosed in Note 9 (Investment property) to the financial statements.

Utilization, occupancy

Occupancy rate of Graphisoft Park's gross leasable area developed as follows (at the end of each quarter):

Period:	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2
Occupancy of gross leasable area (%):	97%	98%	98%	97%	97%	97%
Gross leasable area (m ²):	82,000	82,000	82,000	82,000	82,000	82,000

During 2020, the previously persistently high utilization rate declined slightly to 94%, partly due to the economic downturn caused by the coronavirus epidemic and partly to individual tenant needs. During 2021, despite the protracted crisis, the level of occupancy started to increase again, and it reached 98% by the 2nd quarter of 2022. In the last quarter of 2022, due to the drastic increase in energy prices and the recessionary economic environment, some tenants optimized their office use and reduced a bit their need for space, however, the utilization decreased by only 1% remaining stable at 97%, proving the significant and lasting demand for the office park dominated by the green environment as a working place.

Graphisoft Park's tenants make longer commitments than the national average. The Park's unique natural environment and its information technology focus (the “micro Silicon Valley” concept) provide the space in which globally acclaimed companies have settled as tenants and expanded continuously over time. Examples for these companies are Microsoft (from 1998), SAP (from 2005) or Servier (from 2007); and the Park's naming tenant and founder, Graphisoft SE (from 1998), which now operates wholly independently as a software company. It is also important to highlight that smaller tenants stay in the Park for more than 5 years on average and keep extending (average 1-3 years) their leases after expiration. Due to the peculiarities of the Park, we can meet the growth needs of the tenants: start-ups can become tenants of the Park even with a 1 year contract, and later they will also have the opportunity to expand in line with their growth path. The average lease term in the Park calculated with the starting date of current tenants' earliest lease agreements (in certain cases lease agreements concluded with the predecessor of Graphisoft Park Group) is 15 years, and in case of existing lease contracts the weighted average lease term to expiry is 2.4 years.

Modernization plans

Between 2017-2022, we carried out the systematic, mainly mechanical, modernization and renovation of several office buildings, on a total of nearly 25,000 m², worth around 6.5 million euros. At the same time, in order to satisfy their own unique needs, the tenants financed additional investment of 6 million euros in the buildings. From 2023, the focus of our renovation and modernization programs will be on projects that increase energy efficiency, optimize energy consumption and support the achievement of decarbonization goals, which we will implement in constant consultation and cooperation with our tenants. In the last one and a half year – partly due to the emerging energy



crisis – we put a lot of emphasis on monitoring energy consumption, and in cooperation with the tenants, **we achieved savings exceeding 20%** by consciously reducing consumption. Furthermore, at the same time as evaluating the carbon footprint calculation for the year 2022, we are currently working with the involvement of experts on the development of the Company's ESG strategy, which we will publish during 2023 with the release of the first ESG report.

Financing

We have executed a loan agreement with Erste Bank Hungary Zrt. in December 2015 with 10 years maturity to finance the development in the core area. In accordance with the loan agreement Erste Bank made a 4 billion HUF (12.6 million euro) credit facility and another 3 million euro credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. In order to hedge exchange rate risk associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) agreement in June 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract, by which we have converted the forint-based capital and the fixed interest payment obligations onto euro base.

We have executed a loan agreement with UniCredit Bank Hungary Zrt. in November 2016 with 10 years maturity to finance the ongoing development in the southern area. In accordance with the loan agreement UniCredit Bank made a 24 million euro credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. The credit facility has fixed interest rate.

On November 30, 2017, we concluded a new euro-based, 10 years to maturity loan facility which is worth 40 million euro with Erste Bank Hungary Zrt., for the refinancing of the previous loan facility before its maturity, concluded with Aareal Bank AG. The remaining smaller part of the loan is used to finance the refurbishment of the older buildings of Graphisoft Park. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term; as a result the interest rate is fixed for the full term of the loan.

On November 19, 2019, the Company concluded another euro-based, 10 years to maturity loan facility agreement of 40 million euro value with UniCredit Bank in order to optimize the Company's capital structure and to take advantage of the current very favorable borrowing conditions, which has been drawn on December 30, 2019. To fix the interest rate, the new loan facility was also complemented by an interest rate swap agreement (IRS) for its entire term.

At the end of the period the notional value of the outstanding loan liability went below 90 million euro, which is currently 38.4% of the property fair value. After concluding the hedge agreements, all of the Company's outstanding loan liabilities have been switched to fixed interest rates for the 10 year loan term, which further strengthens the Park's stable operation. As of June 30, 2023, the average interest rate of the outstanding loans is 1.86% because of the concluded interest rate swaps. The increased positive fair value of interest rate swaps reflects the difference between the current financing conditions available in the higher interest rate environment and the Company's fixed interest rates.

Bank	Initial loan value	Due date	Outstanding loan amount on June 30, 2023
	(thousand euros)		(thousand euros)
Erste Bank Hungary Zrt	15,600	27.12.2025	8,888
UniCredit Bank Hungary Zrt	24,000	23.12.2026	16,800
Erste Bank Hungary Zrt	40,000	31.12.2027	30,635
UniCredit Bank Hungary Zrt	40,000	15.12.2029	32,125
Sum	119,600		88,448



Forecast for 2023

Considering the currently extremely high utilization level, the indexed rents, the results of the first half of the year, as well as the domestic and European inflation and interest rate environment, the Company modifies the forecast for the previous 2023 pro forma result as follows:

- rental revenue is expected to exceed our previous forecast by around 400 thousand euros,
- other income is expected to be 300 thousand euros less due to one-off items,
- at the same time, financial result will be more favorable by around 400,000 euros primarily due to the interest income available on free funds.

Based on the above, EBITDA and operating profit may exceed the previously forecast by 100 thousand euros, while the profit after tax by 500 thousand euros, so it can exceed the results of 2022 by 7.5% and 13%, respectively.

(million euros)	2021 actual	2022 actual	2023 plan
Rental revenue	14.66	15.54	16.7
Other income (net)	0.56	0.64	0.2
Operating expense	(1.27)	(1.42)	(1.8)
EBITDA	13.95	14.76	15.1
Depreciation	(7.17)	(7.01)	(6.9)
Operating profit	6.78	7.75	8.2
Net financial result	(1.92)	(1.71)	(1.4)
Profit before tax	4.86	6.04	6.8
Income tax expense	(0.02)	(0.02)	(0.0)
Net profit	4.84	6.02	6.8

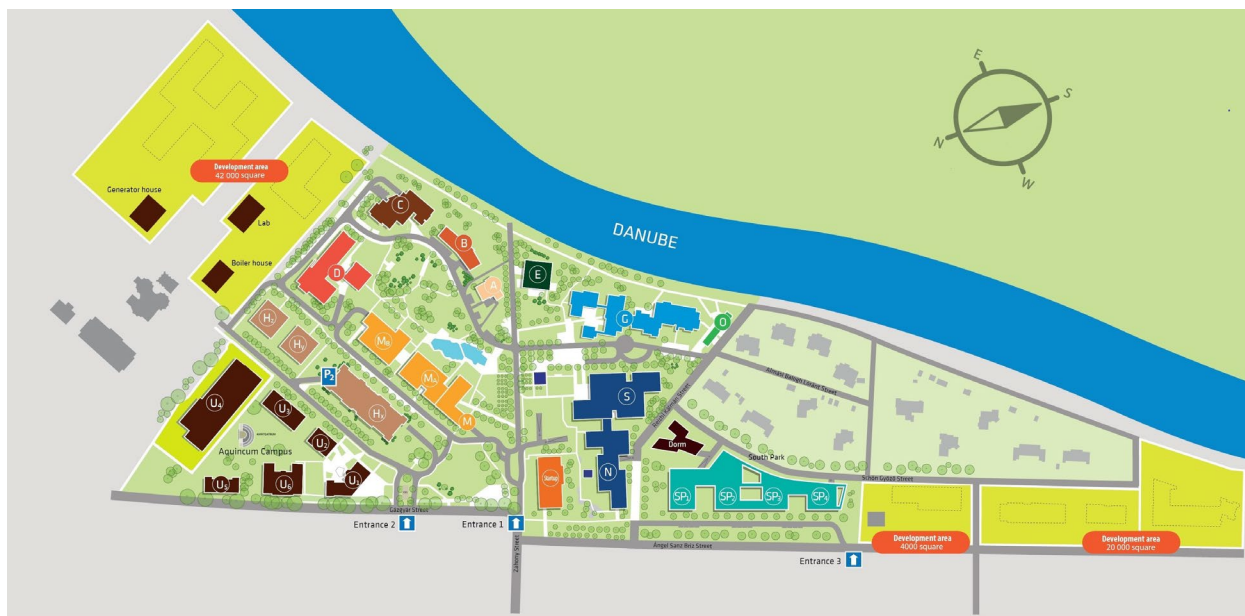
- In our current estimate, we do not expect a significant change in occupancy for the remainder of the year, however, some tenants may still require minor area changes.
- **Other income (net)** is expected to reach 200 thousand euros in 2023. The reason for the decrease compared to previous years is that the contribution made by the Company to achieve its decarbonization goals in the current year reduces other income.
- In 2023, based on the significant increase in the fees for the services used, we expect an increase in **operating costs** of nearly 400 thousand euros, which exceeds the increase of the previous years. A significant part of this incurs in forint, but we do not expect that this increase would be offset by the weakening of the HUF. In the current inflationary environment, service fees continued to rise, with parallel increases in personal payments. We also consider payments that may arise to compensate for the effects of inflation in the rest of the year.
- As a combined effect of the above, according to our current calculations, **EBITDA** in 2023 is expected to exceed the previous year by around 340 thousand euros and will be 15.1 million euros.
- In 2023 **depreciation** (not affecting the consolidated accounts according to the SzIT rules), due to the depletion of some older assets is expected to decrease by around 100 thousand euros compared to the previous year.
- The **net financial result** in 2023 is expected to be outstanding because of the decreasing capital outstanding due to continuous loan repayments and the interest income that can be realized on free funds, despite the fact, that in the remaining part of the year we no longer count on high interest income on free funds as in the first half of the year. For the second half of the year, we also have an estimated reserve for possible exchange rate losses resulting from the HUF/EUR exchange rate fluctuations. Overall, we expect 1.4 million euros net financial cost for 2023.



- As a result, **pro forma net profit** is forecasted to be 6.8 million euros in 2023, which is 800 thousand euros higher than in the prior year.

Development potential of the Company's real estate portfolio

By the completion of the developments in the core and the southern area from September 2018, Graphisoft Park has **82,000 m² gross leasable area** as well as **underground parking for around 2,000 cars** available for its tenants, ensuring the green dominance in the Park.



The southernmost part of the southern development area, named South Park II, offer room for another 20,000 m² potential development. The preparatory works were finished in 2020 to deliver new buildings on this area even within 18 months if demand would arise.

The property purchased in 2021 with an area of cca. 1,200 m², which is located between the already built-in South Park I and South Park II development areas, allows the development of an additional 4,000 m² of leasable office space, combined with the neighboring plots already owned by the Company. In 2022 we received building permission for the possible development; however, the Company will decide on the initiation of the project at a later date, taking into account the conditions and the possibilities of the construction, in particular the development of raw material and energy prices, the possible capacity limitations and the general economic prospects, in addition to the requests of the tenants.

In the northern area no further preparatory work or development is allowed until MVM Next Energiakereskedelmi Zrt. completes its mandated rehabilitation duties in the area (see details below in the “Main risk factors - rehabilitation of the northern development area” section). After the remediation, this northern development area together with the unused part of the monument area will provide room for another 42,000 m² gross leasable area. Altogether this gives **development potential of around additional 66,000 m² gross leasable area, and as such, the gross leasable area might increase to 148,000 m² in the whole Graphisoft Park.**

Additional growth opportunities

In addition to the above, we should mention that next to the 18 hectares of the former Óbuda Gas Works owned by the Company, there is **another 12 hectares of development land** owned by the Municipality of Budapest. Following the required remediation, according to the currently valid regulations, an **additional 120,000 m² of leasable area can be developed**, for which an underground garage suitable for accommodating around 3,000 cars can also be built. If the Municipality of Budapest wishes to sell its development areas, the Company has the right of pre-emption



for the larger part of it (7.5 hectares).

In addition to the 82,000 m² developed and delivered leasable area currently owned by Graphisoft Park, the further development opportunities are summarized below:

Development opportunities	Leasable area (m ²)
Owned by Graphisoft Park:	
Not affected by remediation, prepared for development by archaeological work:	24,000 m ²
Awaiting remediation:	42,000 m ²
Owned by the Municipality of Budapest, awaiting remediation:	120,000 m ²
Additional development opportunities in total:	186,000 m²

In summary, in the **entire area of the former Óbuda Gas Works**, in addition to the buildings that have already been delivered, an **additional 186,000 m² of leasable area can be developed** - partly immediately, partly after the prescribed remediation (refer to section "Main risk factors associated with the areas") **on properties owned by Graphisoft Park and the Municipality of Budapest**. Thus, with a total **leasable area of nearly 270,000 m²**, a high-tech park can be developed which is unique in Central Europe and based on technology companies and education.

Key characteristic of the Graphisoft Park concept is the sustained synergy between teams of startup entrepreneurs, global IT and technology focused companies and higher educational institutions as leading edge „knowledge-factories“. Partnering relationships based on tight collaboration between technology firms, start-ups and educational institutions have been shaped among these three main pillars of Graphisoft Park, resulting in mutual support and strengthening and stimulating cooperation. The enhanced physical proximity and meaningful collaboration act as an attractive force and is recognized as a convenient source by all the three sectors. Management of the Park is consciously supporting the balanced presence of all three pillars and application of the full potential offered by their collaboration. We are open to accommodate educational institutions that act as knowledge centers and knowledge factories and fit the Park's concept.

Creative work, research and educational activities are further supported by the Park's Management by sustainably ensuring inspiring environment. Our goals are the increase of comfort levels, thus the levels of productivity for all Park tenant's creative and productive staff, the development of tools for promoting communities, hosting of relevant events and programs for further improvement of creative work conditions for all our tenants. We also aim to develop conditions allowing for various leisure, recreational and sporting activities within the Park. We do all this consciously, in order to develop and sustain high levels of employee satisfaction and engagement, thus enhancing our tenants' competitiveness on the market. Management is committed to make the Park feel as a comfortable, pleasant second home for all resident employees, more than just a work-place.

Main risk factors associated with the areas

Rehabilitation of the northern development area:

Due to the prior gasification activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). After the final administrative judgment made on December 12, 2019, the Pest County Government Office conducted new proceedings. In the resolution received on April 30, 2020, the Pest County Government Office notified us



about the repeated prolongation of the completion deadline of the rehabilitation in the northern development area, and stated new deadlines of May 31, 2021, and September 30, 2022.

Government Decree nr. 286/2021 (V. 27.) on the establishment of rules related to certain administrative authority procedures was published on May 27, 2021. Pursuant to Section 1 of the Government Decree in force between May 28, 2021, and June 24, 2021, the polluter became entitled to request an extension of the deadline for remediation from the environmental authority, which was obliged to grant the extension. MVM Next Energiakereskedelmi Zrt. submitted the relevant request, which was approved by the authority and the decree ruled out the possibility of an appeal, so the current deadline for carrying out remediation and submitting the final documentation is December 31, 2022.

We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the current deadline, to which we received the following information in response. MVM Next Energiakereskedelmi Zrt. still has the necessary permits to call for the construction tender and start construction, and has prepared the necessary documentation for the tender, however, despite its best intentions, it cannot make any responsible statement about the expected completion date of the remediation.

On December 23, 2022, Government Decree of 566/2022 (XII. 23) was published, which deals with the establishment of rules related to certain administrative authority procedures. On the basis of this decree, the legal entity obliged to remediate became entitled to request an extension of the remediation deadline from the environmental protection authority. If the application was submitted, the authority was obliged to grant the deadline extension. MVM Next Energiakereskedelmi Zrt., which is obliged to remediate the damage, submitted its request for this on December 27, 2022, which request was granted by the authority on December 28, 2022. The decree ruled out the possibility of an appeal, so the currently valid new deadline for carrying out the remediation and submitting the final documentation is December 31, 2024, and the deadline for the remediation of certain sub-areas and for sub-surface water is April 30, 2026.

The actual remediation work did not start till the date of this Report, and we are not aware of the preparation of the works either. Based on all of this, Graphisoft Park considers the date of the actual start and end of the remediation to be uncertain, and therefore does not see it possible to start developments in the northern development area within the foreseeable future.

Flood risk:

Potential flood risk due to the location on the Danube waterfront, which is to be reckoned with for the increasing water level fluctuation, despite the old Gasworks rampart protecting the area even during the historical high floods in 2013.

Economic environment:

Since the properties in Graphisoft Park are mainly rented by stable companies, operating in research & development, which are less affected by the crisis caused by the coronavirus epidemic, the utilization of the office park has decreased only slightly and temporarily as a direct effect of the crisis and is at 97% again. At the same time, temporary or longer-term vacancies occurring because of the change in tenant behavior due to the hectic movements of the forint exchange rate, the high inflation rate and the energy crisis: this means that we must once again consider the demands for reducing office space and the permanent transformation of office use. Considering the risks affecting the rental revenue and the recession forecasts, we cannot exclude a more permanent devaluation of the property fair value either, as a result of the increasing market yield expectations.

Forecasts published here are based on the valid lease contracts in effect at the time of writing this report. Factors



significantly affecting results are changes in the HUF/EUR exchange rate (of which effects on the Company's results are unpredictable due to year-on-year fluctuations), the inflation rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with an exchange rate of 390 HUF/EUR till the end of 2023, euro inflation rate of 9% and unchanged legal and taxation environment.

Forward-looking statements - *The forward-looking statements contained in this Interim Management Report involve inherent risks and uncertainties, may be determined by additional factors, other than the ones mentioned above, therefore the actual results may differ materially from those contained in any forecast.*

Statement of responsibility - *We declare that the attached Half-Year Report which have been prepared in accordance with the International Financial Reporting Standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.*

Budapest, August 9, 2023

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer



GRAPHISOFT PARK SE

HALF-YEAR REPORT

for the half-year ended June 30, 2023

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, August 9, 2023

Kocsány János
Chief Executive Officer

Farkas Ildikó
Chief Financial Officer

CONTENTS:

	Page(s)
Consolidated Balance Sheet	3
Consolidated Statement of Income	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Changes in Shareholders' Equity	6
Consolidated Statement of Cash Flows	7
Notes to the half-year Report	8-27

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET

JUNE 30, 2023

(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2022	June 30, 2023
Cash and cash equivalents	3	12,236	11,837
Trade receivables	4	1,252	1,036
Current tax receivable	5	18	369
Other current assets	6	4,241	2,707
Current assets		17,747	15,949
Investment property	9	221,966	221,265
(Owner-occupied) Property, Plant and Equipment	7	1,256	1,210
Intangible assets	8	65	59
Long-term financial assets	13	8,118	7,543
Non-current assets		231,405	230,077
TOTAL ASSETS		249,152	246,026
Short-term loans	12	5,310	5,441
Trade payables	10	419	395
Current tax liability	5	459	408
Other short-term liabilities	11	5,855	5,933
Current liabilities		12,043	12,177
Long-term loans	12	83,533	81,241
Long-term financial liabilities	13	2,699	1,602
Other long-term liabilities	14	1,258	1,006
Non-current liabilities		87,490	83,849
TOTAL LIABILITIES		99,533	96,026
Share capital	1.3	250	250
Retained earnings		144,810	145,183
Treasury shares	22	(972)	(979)
Cash flow hedge reserve	13	7,937	7,906
Revaluation reserve of properties		681	681
Accumulated translation difference		(3,087)	(3,041)
Shareholders' equity		149,619	150,000
TOTAL LIABILITIES & EQUITY		249,152	246,026

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME

JUNE 30, 2023

(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Property rental revenue		3,887	4,219	7,709	8,414
Revenue	15	3,887	4,219	7,709	8,414
Property related expense	16	(31)	(40)	(55)	(72)
Employee related expense	16	(474)	(500)	(617)	(638)
Other operating expense	16	(109)	(123)	(195)	(224)
Depreciation and amortization	7, 16	(66)	(58)	(119)	(111)
Operating expense		(680)	(721)	(986)	(1,045)
Valuation (losses) from investment property	9	(671)	(664)	(751)	(1,195)
Other income (expense)	17	268	(12)	389	(30)
OPERATING PROFIT		2,804	2,822	6,361	6,144
Interest income	18	16	243	61	449
Interest expense	18	(431)	(419)	(860)	(841)
Exchange rate difference	19	(16)	(7)	(176)	67
Financial result		(431)	(183)	(975)	(325)
PROFIT BEFORE TAX		2,373	2,639	5,386	5,819
Income tax expense	20	(2)	(4)	(9)	(8)
PROFIT FOR THE PERIOD		2,371	2,635	5,377	5,811
Attributable to equity holders of the parent		2,371	2,635	5,377	5,811
Basic earnings per share (EUR)	21	0.24	0.26	0.53	0.58
Diluted earnings per share (EUR)	21	0.24	0.26	0.53	0.58

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Profit for the period		2,371	2,635	5,377	5,811
Cash-flow hedge valuation reserve*		2,811	470	6,253	(31)
Translation difference**		(40)	21	(42)	46
Other comprehensive income		2,771	491	6,211	15
COMPREHENSIVE INCOME		5,142	3,126	11,588	5,826
Attributable to equity holders of the parent		5,142	3,126	11,588	5,826

* Will be reclassified to profit or loss in subsequent periods.

** Will not be reclassified to profit or loss in subsequent periods.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

	Share capital	Retained earnings	*Treasury shares	**Cash flow hedge reserve	***Revaluation reserve of properties	Accum. translation difference	Total equity
December 31, 2021	250	140,390	(988)	(1,440)	681	(3,039)	135,854
Profit for the period	-	5,377	-	-	-	-	5,377
Translation difference	-	-	-	-	-	(42)	(42)
Revaluation reserve	-	-	-	6,253	-	-	6,253
Treasury share transfer	-	(25)	25	-	-	-	-
Dividend	-	(4,341)	-	-	-	-	(4,341)
Treasury share purchase	-	-	(9)	-	-	-	(9)
June 30, 2022	250	141,401	(972)	4,813	681	(3,081)	143,092
December 31, 2022	250	144,810	(972)	7,937	681	(3,087)	149,619
Profit for the period	-	5,786	-	25	-	-	5,811
Translation difference	-	-	-	-	-	46	46
Revaluation reserve	-	25	-	(56)	-	-	(31)
Treasury share purchase	-	-	(11)	-	-	-	(11)
Treasury share transfer	-	(4)	4	-	-	-	-
Dividend	-	(5,434)	-	-	-	-	(5,434)
June 30, 2023	250	145,183	(979)	7,906	681	(3,041)	150,000

* Treasury share details are disclosed in Note 22.

** Cash flow hedge transaction details are disclosed in Note 12 (Loans).

*** Revaluation surplus on leasing a part of owner-occupied property, i.e., transfers from owner-occupied property to investment property.

GRAPHISOFT PARK SE**CONSOLIDATED STATEMENT OF CASH FLOWS**

JUNE 30, 2023

(all amounts in thousands of euros unless otherwise indicated)

	3 months ended		6 months ended	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
OPERATING ACTIVITIES				
Income before tax	2,373	2,639	5,386	5,819
Fair value change of investment properties	671	664	751	1,195
Depreciation and amortization	66	58	119	111
Interest expense	431	419	860	841
Interest income	(16)	(243)	(61)	(449)
Unrealized foreign exchange (gain) / loss	(153)	62	(155)	176
Changes in working capital:				
Decrease / (increase) in receivables and other current assets	1,211	1,045	(70)	1,405
(Decrease) in liabilities	(504)	(770)	(276)	(241)
Corporate income tax paid	(10)	(2)	(11)	(11)
Net cash from operating activities	4,069	3,872	6,543	8,846
INVESTING ACTIVITIES				
Purchase of investment property	(334)	(155)	(358)	(472)
Purchase of other tangible assets and intangibles	(12)	(24)	(13)	(33)
Interest received	16	237	62	446
Net cash (used in) / from investing activities	(330)	58	(309)	(59)
FINANCING ACTIVITIES				
Loan repayments	(1,462)	(1,486)	(2,931)	(2,966)
Interest paid	(432)	(407)	(859)	(807)
Treasury share purchase	(9)	(11)	(9)	(11)
Dividend paid	(4,341)	(5,434)	(4,341)	(5,434)
Net cash used in financing activities	(6,244)	(7,338)	(8,140)	(9,218)
(Decrease) in cash and cash equivalents	(2,505)	(3,408)	(1,906)	(431)
Cash and cash equivalents at beginning of period	10,659	15,286	10,066	12,236
Exchange rate (loss) / gain on cash and cash equivalents	(108)	(41)	(114)	32
Cash and cash equivalents at end of period	8,046	11,837	8,046	11,837

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
 FOR THE HALF-YEAR ENDED JUNE 30, 2023
 (all amounts in thousands of euros unless otherwise indicated)

1. General information

1.1. Business activities

Graphisoft Park SE was established through a demerger from the software development company Graphisoft SE on August 21, 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management. Graphisoft Park operates as a holding currently having five 100% owned subsidiaries.

The real estate development is performed by the owners of the properties, namely Graphisoft Park Kft., Graphisoft Park South I. Kft. and Graphisoft Park South II. Development Kft. Graphisoft Park Services Kft. is responsible for property operation tasks. Graphisoft Park Engineering & Management Kft. is responsible for the Group's certain property management, engineering, and administration activities.

Graphisoft Park SE (court registration number: CG 01-20-000002) and subsidiaries are incorporated under the laws of Hungary. Registered address of the Company is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 25 on June 30, 2023.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 25 years, 82,000 m² gross leasable area (offices, laboratories, educational area, and auxiliary facilities) have been developed and occupied by tenants. Belonging to them underground parking facilities for around 2,000 cars are available. The remaining area provides the opportunity to develop an additional 66,000 m² of gross leasable area together with underground parking and auxiliary facilities.

The real estate is categorized as follows:

Area	Property	
Gross leasable area	Office area	58,000 sqm
	Laboratory	7,000 sqm
	Educational area	8,000 sqm
	Storage	6,000 sqm
	Service area	3,000 sqm
	Underground parking	2,000 pcs
Development area	Northern development area (after rehabilitation)	42,000 sqm
	Southern development area	24,000 sqm

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

1.3. Stock information

Graphisoft Park SE's share capital consists of 10,631,674 class "A" publicly traded, marketable, registered ordinary shares of 0.02 euro face value, each representing equal and identical rights, and 1,876,167 class "B" employee shares of 0.02 euro face value.

Ordinary shares of the Company are publicly traded at Budapest Stock Exchange, currently in Premium category, from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

Shareholder	December 31, 2022			June 30, 2023		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
ORDINARY SHARES:	10,631,674	100.00	87.92	10,631,674	100.00	89.90
Directors and management	1,789,082	16.83	15.60	1,789,082	16.83	15.95
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	14.69	1,685,125	15.85	15.02
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.12
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.79	90,457	0.85	0.81
Shareholders over 5% share	2,948,817	27.74	25.71	2,964,778	27.89	26.43
HOLD Alapkezelő Zrt.	701,233	6.60	6.12	717,194	6.75	6.39
AEGON Magyarország Befektetési Alapkezelő Zrt.	747,584	7.03	6.52	747,584	7.03	6.67
B.N.B.A. Holding Zrt.	1,500,000	14.11	13.08	1,500,000	14.11	13.37
Other shareholders	5,344,699	50.27	46.61	5,328,738	50.12	47.52
Treasury shares*	549,076	5.16	-	549,076	5.16	-
EMPLOYEE SHARES**:	1,876,167	-	12.08	1,876,167	-	10.10
Kocsány János - Member of the BoD, CEO***	1,384,819	-	12.08	823,213	-	8.23
Farkas Ildikó – Member of the BoD***	-	-	-	90,000	-	0.80
Pálfalvi Zsuzsa – Director of Operations***	-	-	-	120,000	-	1.07
Employee treasury shares*	491,348	-	-	742,954	-	-
SHARES TOTAL:	12,507,841	100.00	100.00	12,507,841	100.00	100.00

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details refer to Note 22.

** Class „B” employee shares are not marketable, connected to employment, may be withdrawn by the Board of Directors at any time, have no voting rights in decisions that require qualified majority and bear reduced rights to dividend at the proportion of fifty percent of their face value. In the financial statements of the Company these payments are accounted as employee related expense instead of dividend. The Articles of Association and the Management Share Ownership Plan govern all other matters related to the employee shares.

***As announced on April 6, 2023, the Company repurchased 461,606 employee shares from Kocsány János CEO and transferred 90,000 employee shares to Farkas Ildikó CFO and transferred 120,000 employee shares to Pálfalvi Zsuzsa Operational Director.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

1.4. Governance

The governing body of Graphisoft Park SE, Board of Directors (single-tier system) is composed of the following:

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 2026
Dr. Kálmán János	Member	August 21, 2006	May 31, 2026
Kocsány János	Member	April 28, 2011	May 31, 2026
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2026
Szigeti András	Member	July 21, 2014	May 31, 2026
Hornung Péter	Member	April 20, 2017	May 31, 2026
Farkas Ildikó	Member	April 28, 2023	May 31, 2026

The Audit Committee comprises of 3 independent members of the Board: Dr. Kálmán János (chairman), Dr. Martin-Hajdu György and Hornung Péter. The Chief Executive Officer of Graphisoft Park SE is Kocsány János.

According to the resolution of the AGM held on April 28, 2023, Farkas Ildikó CFO was elected as member of the Board of Directors.

2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year (see Notes to the Consolidated Annual Financial Statements of 2022), with the following differences:

Seasonality of business

The Company's business activities are not seasonal; revenues and expenses generally accrue at a constant rate during the financial year. Certain one-off transactions may affect the results from one quarter to the next.

Exchange rates used

Exchange rates used are as follows:

	6 months ended June 30, 2022	6 months ended June 30, 2023
EUR/HUF opening:	369.00	400.25
EUR/HUF closing:	396.75	371.13
EUR/HUF average:	375.07	380.94

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

3. Cash and cash equivalents

	December 31, 2022	June 30, 2023
Cash in hand	1	1
Cash at banks	12,235	11,836
Cash and bank	12,236	11,837

4. Trade receivables

	December 31, 2022	June 30, 2023
Trade receivables	1,267	1,051
Provision for doubtful debts	(15)	(15)
Trade receivables	1,252	1,036

Trade receivables are on 8-30 day average payment terms according to the contracts.

5. Current tax receivables and liabilities

	December 31, 2022	June 30, 2023
Current tax receivables	18	369
Current tax liabilities	(459)	(408)
Current tax (liabilities), net	(441)	(39)

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

6. Other current assets

	December 31, 2022	June 30, 2023
Accrued income	251	149
Prepaid expense	1,546	139
Bank security accounts	2,313	2,327
Other receivables	131	92
Other current assets	4,241	2,707

7. (Owner-occupied) Property, Plant and Equipment

	(Owner-occupied) Property	Plant and Equipment	(Owner-occupied) Property, Plant and Equipment
Net value:			
December 31, 2021	1,023	418	1,441
Gross value:			
December 31, 2021	1,375	1,135	2,510
Addition	-	54	54
Sale	-	(56)	(56)
Scrapping	-	(3)	(3)
Translation difference	-	(63)	(63)
December 31, 2022	1,375	1,067	2,442
Depreciation:			
December 31, 2021	352	717	1,069
Addition	82	122	204
Sale	-	(47)	(47)
Scrapping	-	(3)	(3)
Translation difference	-	(37)	(37)
December 31, 2022	434	752	1,186
Net value:			
December 31, 2022	941	315	1,256

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

Gross value:

December 31, 2022	1,375	1,067	2,442
Addition	2	25	27
Sale	-	(1)	(1)
Scrapping	-	(124)	(124)
Translation difference	-	59	59
June 30, 2023	1,377	1,026	2,403

Depreciation:

December 31, 2022	434	752	1,186
Addition	41	54	95
Sale	-	(1)	(1)
Scrapping	-	(124)	(124)
Translation difference	-	37	37
June 30, 2023	475	718	1,193

Net value:

June 30, 2023	902	308	1,210
----------------------	------------	------------	--------------

8. Intangible assets

	Software	Intangible assets		Software	Intangible Assets
Net value:			Net value:		
December 31, 2021	91	91	December 31, 2022	65	65
Gross value:			Gross value:		
December 31, 2021	137	137	December 31, 2022	136	136
Addition	9	9	Addition	6	6
Translation difference	(10)	(10)	Translation difference	10	10
December 31, 2022	136	136	June 30, 2023	152	152
Depreciation:			Depreciation:		
December 31, 2021	46	46	December 31, 2022	71	71
Addition	30	30	Addition	16	16
Translation difference	(5)	(5)	Translation difference	6	6
December 31, 2022	71	71	June 30, 2023	93	93
Net value:			Net value:		
December 31, 2022	65	65	June 30, 2023	59	59

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

9. Investment property

	Development Land	Completed investment property	Investment property
Book value:			
December 31, 2021	8,348	216,723	225,071
Addition	6	903	909
Change in fair value	-	(4,014)	(4,014)
December 31, 2022	8,354	213,612	221,966
Addition	-	494	494
Change in fair value	-	(1,195)	(1,195)
June 30, 2023	8,354	212,911	221,265

2023 H1 additions in construction in progress of 494 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (35 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (150 thousand EUR) and
- other developments in progress (309 thousand EUR).

The independent valuation was prepared by ESTON International Zrt. with the Income approach applied for all periods presented. Properties with occupancy permits were valued based on the Discounted Cash Flow method, while properties under construction were valued based on the Residual Value method. Present value of cash flows from rental fees was calculated with a market-based discount factor reflecting the expected return from investors and creditors (cost of capital).

According to IAS 40 development lands are presented on cost.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

The key assumptions applied by the independent appraiser for the periods presented were the followings:

		December 31, 2022	June 30, 2023
Rental area	- office, laboratory, and related service areas - education area - Dormitory	73,000 m ² 6,000 m ² 3,000 m ² / 85 persons	73,000 m ² 6,000 m ² 3,000 m ² / 85 persons
Development lands	rentable area which can be developed	66,000 m ²	66,000 m ²
Long term occupancy		82-90%	82-90%
Average discount factor		7.16%	7.62%

10. Trade payables

	December 31, 2022	June 30, 2023
Trade payables – domestic	419	395
Trade payables	419	395

11. Other short-term liabilities

	December 31, 2022	June 30, 2023
Amounts due to employees and related tax liabilities	77	72
Deposits from tenants	796	821
Fair value difference of loans*	548	537
Other payables and accruals	4,434	4,503
Other short-term liabilities	5,855	5,933

* Fair value difference of loans with preferential interest rate due within one year. Details are disclosed in Note 12 (Loans).

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

12. Loans

12.1. Loan details

	December 31, 2022	June 30, 2023
Short-term	5,310	5,441
Long-term	83,533	81,241
Loans	88,843	86,682

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2022	June 30, 2023
Short-term	719	779
Long-term	7,634	7,706
Loan 1 / Erste Bank Hungary Zrt.	8,353	8,485

The Company executed a loan agreement with Erste Bank Hungary Zrt. on December 28, 2015, with 10 years maturity to finance the ongoing development in the core area. In accordance with the loan agreement and its modification on December 29, 2016, Erste Bank makes a 4 billion HUF (12.1 million EUR) credit facility available to Graphisoft Park within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 3 million EUR credit facility within Pillar II of the third phase of the Funding for Growth Scheme. Main collaterals provided for the bank are as follows: mortgage on real estate, revenue assignment and bank account pledge.

As of June 30, 2023, the outstanding capital of the forint-based facility amounts to 2.6 billion HUF (7,019 thousand EUR); and the euro-based facility amounts to 1,869 thousand EUR. The fair value of the loans (calculated using market interest rates) is 8,485 thousand EUR (see details under point 12.2 below).

In order to manage exchange rate risks associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) transaction agreement on June 24, 2016, covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract (from end of 2017 until end of 2025), by which we have converted the forint-based capital and interest payment obligations onto euro base. As of June 30, 2023, the fair value of the cash flow hedge transaction is presented among long-term financial liabilities in the amount of 1,602 thousand EUR.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Erste)

	December 31, 2022	June 30, 2023
Short-term	1,964	1,993
Long-term	29,558	28,547
Loan 2 / Erste Bank Hungary Zrt.	31,522	30,540

On November 30, 2017, based on the decision of the Board of Directors, the Company concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., which is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018, thus the interest rate is fixed for the entire term. On June 30, 2023, the fair value of the IRS is 2,738 thousand EUR, which is presented among the long-term financial assets.

The original facility is worth 40 million EUR. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

Loans provided by UniCredit Bank Hungary Zrt.:

Loan number 1. (Unicredit)

	December 31, 2022	June 30, 2023
Short-term	1,223	1,237
Long-term	15,046	14,424
Loan 1. / UniCredit Bank Hungary Zrt.	16,269	15,661

The Company executed a 24 million EUR loan facility agreement with UniCredit Bank Hungary Zrt. on November 18, 2016, with 10 years maturity to finance the ongoing development in the southern area. Main collaterals provided for the bank are mortgage on real estate, revenue assignment and bank account pledge.

As of June 30, 2023, the outstanding capital amounts to 16,800 thousand EUR, whose fair value was 15,661 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Unicredit)

	December 31, 2022	June 30, 2023
Short-term	1,404	1,432
Long-term	31,295	30,564
Loan 2./ UniCredit Bank Hungary Zrt.	32,699	31,996

On November 19, 2019, the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million EUR value with UniCredit Bank to optimize the Company's capital structure, which has been already drawn on December 30, 2019. To fix the interest rate, the loan facility is complemented by an interest rate swap agreement (IRS) for its entire term. On June 30, 2023, the fair value of the IRS is 4,805 thousand EUR, which is presented among the long-term financial assets.

Main collaterals provided for the bank are mortgage on real estate, revenue assignment and bank account pledge.

12.2. Analyses

Fair value of the loans:

	December 31, 2022	June 30, 2023
Erste Bank Hungary Zrt. Loan nr. 1.*	8,353	8,485
Erste Bank Hungary Zrt. Loan nr. 2.	31,522	30,540
UniCredit Bank Hungary Zrt. Loan nr. 1.*	16,269	15,661
UniCredit Bank Hungary Zrt. Loan nr. 2.	32,699	31,996
Loans at fair value*	88,843	86,682

* Calculated at a 2.5% market-based interest rate for the loans with preferential interest rate.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

Loans with preferential interest rate:

As part of its monetary policy instruments, National Bank of Hungary (MNB) launched its Funding for Growth Scheme (NHP) in 2013. Under NHP, the central bank provides refinancing loans at a preferential fixed interest rate of 0% with a maximum maturity of 10 years to credit institutions which the credit institutions lend further to small and medium sized enterprises with a capped interest margin. The following table shows loan liability for the loans borrowed by the Group within NHP broken down by amortized initial fair value (market rate loan liability) and amortized initial fair value difference (interest rate grant) elements as of June 30, 2023:

	Outstanding loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	8,889	404	8,485
UniCredit Bank Hungary Zrt.	16,800	1,139	15,661
Loans (NHP)	25,689	1,543	24,146

* Calculated at a 2.5% market-based fixed interest rate effective at the time of concluding the loan contract.

** Fair value difference of loans with preferential interest rate (government grant received through the Funding for Growth Scheme compensating expenses) are shown under other short-term liabilities (Note 11) and other long-term liabilities (Note 14) and amortized through profit and loss based on the effective interest rate method.

13. Fair value of hedges

	December 31, 2022	June 30, 2023
ERSTE Bank Hungary Zrt. loan nr. 1.	(2,699)	(1,602)
ERSTE Bank Hungary Zrt. loan nr. 2.	2,888	2,738
UniCredit Bank Hungary Zrt. loan nr. 2.	5,230	4,805
Fair value of hedges*	5,419	5,941
Of which long term financial asset	8,118	7,543
Of which long term financial liability	(2,699)	(1,602)
Reserve of the relating cash flow hedge	7,937	7,906

*The period end fair valuation of IRSs has been prepared by the financing banks.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

14. Other long-term liabilities

	December 31, 2022	June 30, 2023
Fair value difference of loans*	1,251	1,006
Warranty retention	7	-
Other long-term liabilities	1,258	1,006

* Fair value differences of loans with preferential interest rate due over one year. Details are disclosed in Note 12 (Loans).

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

15. Revenue

	3 months ended		6 months ended	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Property rental revenue	3,887	4,219	7,709	8,414
Revenue	3,887	4,219	7,709	8,414

Property rental revenue consists solely of rental fees coming from the lease of real estate of Graphisoft Park.

16. Operating expense

	3 months ended		6 months ended	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Property related expense	31	40	55	72
Employee related expense	474	500	617	638
Other operating expense	109	123	195	224
Depreciation and amortization	66	58	119	111
Operating expense	680	721	986	1,045

Other operating expense consists of the following items:

	3 months ended		6 months ended	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Office and telecommunication	1	1	2	2
Legal and administration	50	55	84	105
Other	58	67	109	117
Other operating expense	109	123	195	224

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

17. Other income (expense)

	3 months ended		6 months ended	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Income from recharged construction expenses	135	78	300	129
Recharged construction expenses	(116)	(63)	(266)	(106)
Income from recharged operation expenses	1,400	1,436	2,960	3,463
Recharged operation expenses	(1,295)	(1,444)	(2,736)	(3,490)
Others	144	(19)	131	(26)
Other income (expense)	268	(12)	389	(30)

18. Interest income and interest expense

	3 months ended		6 months ended	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Interest income	16	243	61	449
Interest expense on loans	(426)	(404)	(851)	(808)
Other interest expense	(5)	(15)	(9)	(33)
Net interest expense	(415)	(176)	(799)	(392)

19. Other financial result

	3 months ended		6 months ended	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Exchange rate (loss) / gain realized	(83)	107	(250)	181
Exchange rate gain / (loss) not realized	35	(100)	42	(139)
Ineffective part of hedge*	32	(14)	32	25
Other financial result	(16)	(7)	(176)	67

*Ineffective part of IRS deal relating to loan nr. 2. provided by Erste Bank Hungary Zrt.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

20. Income taxes

	3 months ended		6 months ended	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Current income tax	(2)	(4)	(9)	(8)
Income tax expense	(2)	(4)	(9)	(8)

Based on the business activity, Graphisoft Park Engineering & Management Kft does not operate under the "SziT" regulation and therefore is subject to corporate income tax, local business tax and deferred income tax, if applicable. Applicable tax rates are as follow: corporate income tax at 9% and local business at tax 2% both in 2022 and 2023.

21. Earnings per share

Basic and diluted earnings per share amounts are calculated as follows:

	3 months ended		6 months ended	
	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Net profit attributable to equity holders	2,371	2,635	5,377	5,811
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Basic earnings per share (EUR)	0.24	0.26	0.53	0.58
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Diluted earnings per share (EUR)	0.24	0.26	0.53	0.58

Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined as described in Note 1.3 to the financial statements.

Share ownership details are disclosed in Note 1.3.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

22. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2022	June 30, 2023
Number of ordinary shares	549,076	549,076
Number of employee shares	491,348	742,954
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	20,808	20,808
Total value of treasury shares (at historical cost)	972	979

23. Net asset value

Book value and fair value of assets and liabilities as of June 30, 2023:

	Note	Book value June 30, 2023	Fair value June 30, 2023	Difference
Investment property and other tangible assets*	7,9	222,475	230,413	7,938
Intangible assets	8	59	59	-
Current tax assets, net	5	(39)	(39)	-
Non-financial instruments		222,495	230,433	7,938
Cash and cash equivalents	3	11,837	11,837	-
Trade receivables	4	1,036	1,036	-
Other current assets	6	2,707	2,707	-
Other long term financial assets	13	7,543	7,543	-
Trade payables	10	(395)	(395)	-
Other short-term liabilities	11	(5,933)	(5,933)	-
Loans	12	(86,682)	(86,682)	-
Other long term financial liabilities	13	(1,602)	(1,602)	-
Other long-term liabilities	14	(1,006)	(1,006)	-
Financial instruments		(72,495)	(72,495)	-
Net asset value		150,000	157,938	7,938

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 230,105 thousand euros as of June 30, 2023.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2023
(all amounts in thousands of euros unless otherwise indicated)

Book value and fair value of assets and liabilities as of December 31, 2022:

	Note	Book value Dec 31, 2022	Fair value Dec 31, 2022	<i>Difference</i>
Investment property and other tangible assets*	7,9	223,222	231,180	7,958
Intangible assets	8	65	65	-
Current tax liabilities, net	5	(441)	(441)	-
Non-financial instruments		222,846	230,804	7,958
Cash and cash equivalents	3	12,236	12,236	-
Trade receivables	4	1,252	1,252	-
Other current assets	6	4,241	4,241	-
Other long term financial assets	13	8,118	8,118	-
Trade payables	10	(419)	(419)	-
Other short-term liabilities	11	(5,855)	(5,855)	-
Loans	12	(88,843)	(88,843)	-
Other long term financial liabilities	13	(2,699)	(2,699)	-
Other long-term liabilities	14	(1,258)	(1,258)	-
Financial instruments		(73,227)	(73,227)	-
Net asset value		149,619	157,577	7,958

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 230,865 thousand euros as of December 31, 2022.

24. Remediation of the northern development area

Due to the prior gas production activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). After the final administrative judgment made on December 12, 2019, the Pest County Government Office conducted new proceedings. In the resolution received on April 30, 2020, the Pest County Government Office notified us about the repeated prolongation of the completion deadline of the rehabilitation in the northern development area, and stated new deadlines of May 31, 2021, and September 30, 2022.

Government Decree nr. 286/2021 (V. 27.) on the establishment of rules related to certain administrative authority procedures was published on May 27, 2021. Pursuant to Section 1 of the Government Decree in force between May 28, 2021, and June 24, 2021, the polluter became entitled to request an extension of the deadline for remediation from the environmental authority, which was obliged to grant the extension. MVM Next Energiakereskedelmi Zrt. submitted the relevant request, which was approved by the authority and the decree ruled out the possibility of an appeal, so the current deadline for carrying out remediation and submitting the final documentation is December 31, 2022.

We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the current deadline, to which we received the following information in response. MVM Next Energiakereskedelmi Zrt. still has the necessary permits to call for the construction tender and start construction, and has prepared the necessary documentation for the tender, however, despite its best intentions, it cannot make any responsible statement about the expected completion date of the remediation.

On December 23, 2022, Government Decree of 566/2022 (XII. 23) was published, which deals with the establishment of rules related to certain administrative authority procedures. On the basis of this decree, the legal entity obliged to remediate became entitled to request an extension of the remediation deadline from the environmental protection authority. If the application was submitted, the authority was obliged to grant the deadline extension. MVM Next Energiakereskedelmi Zrt., which is obliged to remediate the damage, submitted its request for this on December 27, 2022, which request was granted by the authority on December 28, 2022. The decree ruled out the possibility of an appeal, so the currently valid new deadline for carrying out the remediation and submitting the final documentation is December 31, 2024, and the deadline for the remediation of certain sub-areas and for sub-surface water is April 30, 2026.

The actual remediation works have not started till the date of this Report, and we are not aware of the preparation of the works either. Based on all of this, Graphisoft Park considers the date of the actual start and end of the remediation to be uncertain, and therefore does not see it possible to start developments in the northern development area within the foreseeable future.

25. Approval of financial statements, dividend

On April 28, 2023, the Annual General Meeting of Graphisoft Park SE approved the 2022 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 249,152 thousand EUR and a profit for the year of 8,786 thousand EUR. Together with the approval of the consolidated financial statements for issue, the AGM approved dividend distribution of 201 HUF per ordinary share, 2,026,602 thousand HUF in total (5,434 thousand EUR on the MNB exchange rate of April 28, 2023), and in total 113,888 thousand HUF on employee shares (305 thousand EUR on the MNB exchange rate of April 28, 2023). The starting date for dividend payments was May 12, 2023. The Company paid out the dividends to the shareholders identified by shareholder's registration as of May 5, 2023.

26. Declaration

Statement of responsibility - We declare that the Half-Year Report which has been prepared in accordance with International Financial Reporting Standards and to the best of our knowledge, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.